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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92047536
Party	Defendant Castle Brands Spirits Company Limited
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the Matter of Registration No. 2,452,996
Registered May 22, 2001
Mark: BORU

DISTILLERIE STOCK U.S.A. LTD.,

Petitioner,

-against-

CASTLE BRANDS SPIRITS COMPANY LIMITED,

Respondent.

Cancellation No. 92047536

REGISTRANT'S REPLY TO OPPOSITION TO MOTION TO DISMISS

Registrant Castle Brands Spirits Company Limited ("Castle Brands") respectfully submits this Reply to the Petitioner's July 26, 2007 Opposition to Motion to Dismiss ("Petitioner's Mem.").

MEMORANDUM

I. PROCEDURAL HISTORY.

Distillerie Stock U.S.A. Ltd.'s ("Distillerie Stock") bad faith conduct of this cancellation proceeding is shown by its conduct to date. As noted in Castle Brands' Motion to Dismiss Petition for Cancellation Under F.R.C.P. 12(b)(6) for Failure to State a Claim Upon Which Relief Can Be Granted and Accompanying Memorandum ("Castle Brands' Mem."), in the period between the filing of Distillerie Stock's original and amended petitions, Castle Brands advised Distillerie Stock that its grounds for cancellation were time-barred. Distillerie Stock agreed that the grounds then asserted were in fact time-barred, but frivolously continued to assert them in its amended petition. Now, after Castle Brands was put to the effort of moving to

dismiss the stale claims, Distillerie Stock, without any explanation, “agrees to withdraw the petition to the extent it raises claims under” these grounds. (Petitioner’s Mem. at 1 fn.1.) Further, as explained more fully below, rather than seek to defend the existing fraud claim in its amended petition, Distillerie Stock instead seeks to “plead” a new, previously unplead claim in a vain attempt to avoid the dismissal of its amended petition.

Distillerie Stock has had not one, but two opportunities to seek to plead valid grounds for cancellation. It has nevertheless failed to do so. Its amended petition should be dismissed, and that dismissal should be with prejudice.

II. ARGUMENT

A. The Amended Petition Does Not Sufficiently Plead Grounds for Canceling the “BORU” Mark Under Section 2(a) of the Lanham Act.

Distillerie Stock’s opposition to Castle Brands’ motion to dismiss the Section 2(a) claim fails to address the central defect in the Section 2(a) claim: as pointed out in Castle Brands’ opening Memorandum, Section 2(a) is not directed to preventing likely confusion between the BORA and BORU marks, but instead seeks to prevent the false assertion of a connection between the institution Distillerie Stock and the BORU mark. (Castle Brands’ Mem. at 3-4.) Had Distillerie Stock truly been concerned about confusion about the BORA and BORU marks, it could have (and should have) *timely* asserted a cancellation claim under Section 2(d). Distillerie Stock did not do so, however, and it cannot revive its Section 2(d) claim by re-branding it as a Section 2(a) claim.

B. The Amended Petition Does Not Sufficiently Plead Grounds for Canceling the “BORU” Mark Under Section 14 of the Lanham Act Based on the Allegation that the Mark Is Being Used to Misrepresent the Source of Goods.

Distillerie Stock’s attempt to save its contention that Castle Brands’ mark should be cancelled because it is being used to misrepresent the source of goods depends on a misleading reading of the Board’s recent decision in *Otto International, Inc. v. Otto Kern GmbH*, 2007 WL 1577524, *1 (T.T.A.B. May 30, 2007). Like here, the petitioner in *Otto International* tried to save a time-barred Section 2(d) claim by recasting it as a “misrepresentation of source” claim. The Board rejected that attempt, holding that the “nature of these allegations is of a type that typically support a claim of likelihood of confusion under Section 2(d), but as we have noted, such ground is no longer available to petitioner.” 2007 WL 1577524 at *4.

Distillerie Stock now wrongly argues that the Board reached this holding “without clarifying what type of allegations these might be.” (Petitioner’s Mem. at 6.) In fact, the Board quoted the allegations to which it refers *in full*:

4. Petitioner has been and will continue to be damaged by the issuance and existence of Registration No. 2432890 in that such registration is being used by the Registrant so as to misrepresent the source of the goods on or in connection with which the mark is used.

11. Purchasers are likely to consider the goods of the Registrant sold under the mark OTTO KERN as emanating from Petitioner, and purchase such goods as those of the Petitioner, resulting in loss of sales to Petitioner.

12. Concurrent use of the mark by Registrant and Petitioner may result in irreparable damage to Petitioner’s reputation and goodwill if the goods sold by the Registrant are inferior, since purchasers are likely to attribute the source of the Registrant’s goods to the Petitioner.

2007 WL 1577524 at *4.¹ It is *these* allegations – which are strikingly similar to Distillerie Stock’s vague and conclusory allegations here – that the Board found to be insufficient to state a misrepresentation of source claim.

In dismissing the claim in *Otto International*, the Board held that “to properly allege misrepresentation of source, a party must do more than make a bald allegation in the language of the statute, as this does not give fair notice of the basis for petitioner’s claim.” *Id.* Here, Distillerie Stock’s amended petition does nothing more than parrot the statute in support of its misrepresentation of source claim. Such a pleading is patently insufficient, and should be dismissed.

C. The Amended Petition Does Not Sufficiently Plead Grounds for Canceling the “BORU” Mark Under Section 14 of the Lanham Act Based on the Allegation that the “BORU” Mark Was Fraudulently Obtained.

Castle Brands, in its opening Memorandum, pointed out the well-settled law that fraud in a petition must be pled with the particularity required by F.R.C.P. 9(b). (Castle Brands’ Mem. at 7-8) Castle Brands further noted that Distillerie Stock’s fraud allegations in the amended petition consist of the bare assertion that the “BORU” mark “has been obtained and/or maintained fraudulently” because Distillerie Stock “had never encountered any reference to Registrant’s BORU mark in commercial use until shortly before commencing the current proceeding,” so Castle Brands’ statement of continuing bona fide use of its mark must, “upon information and belief” be fraudulent. (*Id.*) In responding to the motion to dismiss, Distillerie Stock does not challenge the meagerness of its fraud allegations (nor could it).

¹ Since the Board quoted the allegations at issue in full in its *Otto International*, it is incomprehensible how Distillerie Stock could in good faith contend that the Board did not “clarify” the allegations about which it wrote. If Distillerie Stock is willing to misrepresent a matter that is easily verifiable by the Board, the Board might be left to wonder about the accuracy of Distillerie Stock’s statements that are less easily verified by the Board.

Instead, Distillerie Stock has essentially abandoned the fraud allegations in its amended petition (thus conceding that that aspect of the petition should be dismissed), and adopted a wholly *new* fraud theory – that Castle Brands’ registration fraudulently lists “spirits” and “liquors” as the applicable goods even though Castle Brands “appears to sell only vodka” (Petitioner’s Mem. at 4).² But Distillerie Stock cannot rewrite its petition through its Memorandum in opposition to a motion to dismiss. Indeed, a motion to dismiss should be decided “on the complaint alone, excluding additional evidence, affidavits, exhibits, and *factual allegations contained in legal briefs or memoranda.*” *Malin v. XL Capital Ltd.*, 2007 WL 2175422 at *4 (D. Conn. July 26, 2007) (emphasis added); *see also Wright v. Ernst & Young, LLP*, 152 F.3d 169 (2d Cir. 1998); *Gross v. Charles M. Forman, Trustee for NJ Affordable Homes Corp.*, 2007 WL 959611 (D.N.J. Bnkr. Mar. 28, 2007).

At this point, then, the Board should consider only the following: Distillerie Stock was required to plead its fraud claim with the specificity required by Fed. R. Civ. P. 9(b); it failed to do so, as amply demonstrated in Castle Brands’ opening Memorandum; and Distillerie Stock failed to even try to defend its non-compliance with Rule 9(b), instead opting to belatedly offer still another, albeit unplead, fraud theory. Distillerie Stock, through its original and amended petitions, has already had two opportunities to try to state valid grounds for canceling Castle Brands’ mark, and has failed each time. It should not be given another

² In Petitioner’s Memorandum, Distillerie Stock makes much of the fact that the identification of goods in Castle Brands’ registration is in the plural form (i.e., “distilled liquors and distilled spirits”). The use of the singular or plural form of words to describe goods sold under a mark is irrelevant, so long as the description is accurate. For example, descriptions such as “batteries”, “dresses” or “handbags” would not be fraudulent if the registrant sold one type of battery, one style of dress or one design of a handbag. Moreover, the use of synonymous terms (such as “liquors” and “spirits”) is not inaccurate or fraudulent.

opportunity through the procedurally improper mechanism of trying to plead a new claim in an opposition Memorandum.


III. CONCLUSION

For all the foregoing reasons and for the reasons stated in Registrant's opening Memorandum, it is respectfully submitted that the amended petition should be dismissed with prejudice, and the Board should grant such additional relief as it deems proper.

Respectfully submitted,

**CASTLE BRANDS SPIRITS
COMPANY LIMITED**

Dated: New York, New York
August 15, 2007

By 
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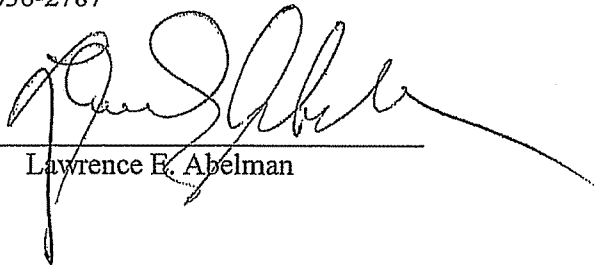
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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing **REGISTRANT'S REPLY TO
OPPOSITION TO MOTION TO DISMISS** was served by first class mail, postage prepaid,
this 15th day of August, 2007, upon the following:

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